



United States Department of Agriculture
Food and Nutrition Service

Southeast Region

Reply to

Attn. of: CN 11-2 General

March 30, 2005

Subject: Institution Appeal Rights Relating to Budgets

To: All State Directors

Child and Adult Care Food Program (CACFP)
Southeast Region

We have received guidance from the Child Nutrition Division regarding an institution's right to appeal the State agency's decision to approve or disapprove budget submissions. In each of the scenarios listed below, the State's denial is appealable:

- ? A sponsor of centers submits a request for a waiver of the 15% cap on administrative expenditures, and the State agency denies the request for waiver. The waiver denial is appealable.
- ? A sponsor has not received a waiver to exceed the 15% cap but submits a budget that exceeds the 15%, and the State agency only approves up to 15%. The denial of costs in excess of 15% is appealable.
- ? A sponsor submits a budget request which is at or below 15%, and the State agency denies some or all of a budget line item(s). The denial of the budget items is appealable. The appeal rights are necessary even when the line item of the budget is denied because it is unallowable.

The guidance further clarifies that if the State agency and the sponsor negotiate the budget and agree to move money around, for example, more money to training and less to salaries, the results of the negotiation are not appealable. In this case, the sponsor must submit an amended budget or a letter or fax agreeing to the change.

If you have any questions, please contact this office.

PEGGY FOUTS

Regional Director

Special Nutrition Programs